

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
Central Valley Project, California

RENEWAL CONTRACT BETWEEN THE UNITED STATES
AND
THE UNITED STATES DEPARTMENT OF VETERANS AFFAIRS
PROVIDING FOR PROJECT WATER SERVICE

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M&I
R.O. 01/15-2003
Contract No.
3-07-20-W1124-R

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
Central Valley Project, California

RENEWAL CONTRACT BETWEEN THE UNITED STATES
AND
THE UNITED STATES DEPARTMENT OF VETERANS AFFAIRS
PROVIDING FOR PROJECT WATER SERVICE

THIS CONTRACT, made this 24th day of April, 2003, in
pursuance generally of the Act of June 17, 1902 (32 Stat. 388), and acts amendatory or
supplementary thereto, including, but not limited to, the acts of August 26, 1937 (50 Stat. 844),
as amended and supplemented, August 4, 1939 (53 Stat. 1187), as amended and supplemented,
July 2, 1956 (70 Stat. 483), June 21, 1963 (77 Stat. 68), October 12, 1982 (96 Stat. 1261), as
amended and Title XXXIV of the Act of October 30, 1992 (106 Stat. 4706), all collectively
hereinafter referred to as the Federal Reclamation law, between THE UNITED STATES OF
AMERICA, hereinafter referred to as the United States, and THE UNITED STATES
DEPARTMENT OF VETERANS AFFAIRS, hereinafter referred to as the Contractor;

WITNESSETH, That:

EXPLANATORY RECITALS

WHEREAS, the United States has constructed and is operating the Central Valley
Project, California, for diversion, storage, carriage, distribution and beneficial use, for flood
control, irrigation, municipal, domestic, industrial, fish and wildlife mitigation, protection and

restoration, generation and distribution of electric energy, salinity control, navigation, and other beneficial uses of waters of the Sacramento River, the American River, the Trinity River, and the San Joaquin River and their tributaries; and

WHEREAS, the Section 3404(b) of the October 30, 1992 (106 Stat. 1261), provides for the delivery in perpetuity of water from the Project in quantities sufficient, but not to exceed 850 acre-feet per year, to meet the needs of the San Joaquin Valley National Cemetery, California; and

WHEREAS, the Contractor and the United States entered into Contract No. 3-07-20-W1124 (Existing Contract), which established the terms for the delivery to the Contractor of Project Water from March 1, 1993, through February 28, 2003; and

WHEREAS, the United States and the State of California, Department of Water Resources, hereinafter referred to as the State, have entered into an agreement, hereinafter referred to as the CVP-SWP Wheeling Agreement, for the conveyance of Project Water from the Sacramento-San Joaquin Delta to the point(s) at which the Contractor is willing to take delivery of Project Water;

WHEREAS, the Contractor requested renewal of the Existing Contract pursuant to Federal Reclamation law and the laws of the State of California for water service from the Central Valley Project; and

WHEREAS, a long-term renewal contract required environmental review necessary to execute a long-term renewal contract has not been completed, and the Contractor has requested a renewal contract pursuant to Article 2 of the Existing Contract; and

WHEREAS, the United States has determined that the Contractor has to date fulfilled all of its obligations under the Existing Contract; and

WHEREAS, the Contracting Officer has determined that the Contractor has the capability to fully utilize for reasonable and beneficial use, or shown projected future reasonable and beneficial use for, the quantity of Project Water to be made available to it pursuant to this renewal contract; and

WHEREAS, Section 3404 of the CVPIA, precludes long-term renewal of water service contracts until the completion of appropriate environmental documentation, including a programmatic environmental impact statement ("PEIS") pursuant to the National Environmental Policy Act analyzing the direct and indirect impacts and benefits of implementing the CVPIA and the potential renewal of all existing contracts for Project Water; and

WHEREAS, in order to continue water service provided under Project Water service contracts that expire prior to the completion of the PEIS, the United States intends to execute this contract for a period of 1 year, until appropriate environmental documentation, including the PEIS, is finally completed, at which time the Secretary shall, pursuant to Federal Reclamation law, upon request of the Contractor, enter into a long-term renewal contract for a period of twenty-five (25) Years; and may thereafter renew such long-term renewal contracts for successive periods not to exceed twenty-five (25) Years each; and

NOW, THEREFORE, in consideration of the mutual and dependent covenants herein contained, it is hereby mutually agreed by the parties hereto as follows:

DEFINITIONS

1. When used herein unless otherwise distinctly expressed, or manifestly incompatible with the intent hereof, the term:

(a) "Calendar Year" shall mean the period January 1 through December 31, both dates inclusive;

(b) "Charges" shall mean the payments in addition to the Rates determined annually by the Contracting Officer, required by the Federal Reclamation law, including Section 3407 of the CVPIA;

(c) "Contractor's Boundaries" shall mean the area to which the Contractor is permitted to provide Project Water under this renewal contract as described in Exhibit "A" attached hereto, which may be modified from time to time in accordance with Article 33 of the Contract without amendment to this renewal contract;

(d) "CVPIA" shall mean the Central Valley Project Improvement Act, Title XXXIV of the Act of October 30, 1992 (106 Stat. 4706);

(e) "Delivered Water" shall mean Project Water made available to the Contractor and diverted at the point(s) of delivery approved by the Contracting Officer;

(f) "Municipal and Industrial (M&I) Water" shall mean water made available from the Project and furnished for uses other than the production of agricultural crops or livestock and domestic uses incidental thereto; and

(g) "Project" shall mean the Central Valley Project owned by the United States and operated by the U. S. Department of the Interior, Bureau of Reclamation;

(h) "Project Water" shall mean all water that is developed, diverted, stored, or delivered by the United States in accordance with the statutes authorizing the Project and in accordance with the terms and conditions of applicable water rights permits and licenses acquired by and/or issued to the United States pursuant to California law;

(i) "Rates" shall mean the payments determined annually by the Contracting Officer in accordance with the then current applicable water ratesetting policies for the Project;

(j) "Secretary" or "Contracting Officer" shall mean the Secretary of the United States Department of the Interior or his duly authorized representative;

(k) "Year" shall mean the period from and including March 1 of each Calendar Year through the last day of February of the following Calendar Year.

TERM OF CONTRACT

2. (a) This renewal contract shall be effective from March 1, 2003, and shall remain in effect through February 29, 2004: Provided, That under terms and conditions mutually agreeable to the parties hereto, renewals of this contract may be made for successive periods not to exceed 25 years each.

WATER TO BE MADE AVAILABLE AND DELIVERED TO THE CONTRACTOR

3. (a) Subject to the provisions set forth in Articles 11 and 12 hereof, and consistent with applicable State water rights, permits, and licenses, the Contractor is entitled

to, and the Contracting Officer shall be obligated to make available to the Contractor up to 450 acre-feet of Project Water for M&I purposes to be used at the San Joaquin Valley National Cemetery. The quantity of Project Water delivered to the Contractor in accordance with this Article 3(a) in any Year shall be scheduled and paid for pursuant to the provisions of Articles 4 and 7 hereof, and shall not exceed the quantity of Project Water the Contractor intends to put to reasonable beneficial use within the Contractor's Boundaries.

(b) The Contractor shall utilize the Project Water made available to it pursuant to this renewal contract in accordance with all applicable requirements of any Biological Opinion addressing the execution of this renewal contract developed pursuant to Section 7 of the Endangered Species Act of 1973, as amended, and in accordance with environmental documentation as may be required for specific activities.

(c) The Contractor shall make reasonable and beneficial use of Project Water or other water furnished pursuant to this renewal contract.

TIME FOR DELIVERY OF WATER

4. (a) On or about February 15, of each Calendar Year, the Contracting Officer shall declare the amount of Project Water estimated to be made available to the Contractor pursuant to this renewal contract for the upcoming Year. The declaration will be updated monthly, as necessary, based on current hydrologic conditions. The Contracting Officer shall make available the forecast of Project operations, with relevant supporting information, upon the written request of the Contractor or its representatives. Upon written request of the Contractor, the Contracting Officer shall provide the basis of the estimate which shall include, but not be

limited to, a monthly pumping forecast for the O'Neill Pumping Plant, the projected carryover of Project reservoirs, projected CVPIA impacts, projected Endangered Species Act, and all other regulatory impacts.

(b) On or before each March 1, the Contractor shall submit to the Contracting Officer and at such other times as necessary, a written schedule, satisfactory to the Contracting Officer, showing the times and quantities of Project Water to be delivered by the United States to the Contractor during the upcoming Year pursuant to this renewal contract, and, consistent with subdivision (a) of Article 3 herein.

(c) Subject to the conditions set forth in subdivision (a) of Article 3, the United States shall deliver Project Water to the Contractor in accordance with the initial schedule submitted by the Contractor pursuant to subdivision (b) of this Article, or any revision(s) thereto submitted within a reasonable time prior to the date(s) on which the requested change(s) is/are to be implemented.

POINT OF DIVERSION AND RESPONSIBILITY FOR DISTRIBUTION OF WATER

5. (a) The Project Water to be furnished to the Contractor pursuant to this renewal contract shall be made available to the Contractor at the mileposts identified in Exhibit "B," and any additional point or points of delivery either on Project facilities or another location or locations mutually agreed to in writing by the Contracting Officer and the Contractor.

(b) All Project Water made available to the Contractor shall be conveyed to the Contractor through the California Aqueduct pursuant to the CVP-SWP Wheeling Agreement

or Project facilities, in accordance with the approved delivery schedules described in Article 4 and in accordance with Exhibit “B.”

(c) All Project Water delivered to the Contractor pursuant to this renewal contract shall be measured and recorded with equipment furnished, installed, operated, and maintained by the United States or the Contractor at the point(s) of delivery established pursuant to subdivision (a) of this Article. Upon the request of either party to this renewal contract, the Contracting Officer shall investigate the accuracy of such measurements and shall take any necessary steps to adjust any errors appearing therein. The Contractor shall advise the Contracting Officer on or before the 10th calendar day of each month of the quantity of M&I Water taken during the preceding month.

(d) The United States shall not be responsible for the control, carriage, handling, use, disposal, or distribution of Project Water made available to the Contractor pursuant to this renewal contract beyond the delivery points specified in subdivision (a) of this Article. The Contractor shall indemnify the United States its officers, employees, agents, and assigns on account of damage or claim of damage of any nature whatsoever for which there is legal responsibility, including property damage, personal injury, or death arising out of or connected with the control, carriage, handling, use, disposal, or distribution of such Project Water beyond such delivery points, except for any damage or claim arising out of (i) acts performed by the United States or any of its officers, employees, agents, or assigns, with the intent of creating the situation resulting in any damage or claim, (ii) willful misconduct of the

United States or any of its officers, employees, agents, or assigns, or (iii) negligence of the United States or any of its officers, employees, agents, or assigns.

MEASUREMENT OF WATER WITHIN THE DISTRICT

6. Omitted.

RATES AND METHOD OF PAYMENT FOR WATER

7. (a) The Contractor shall pay the United States in monthly payments as provided in this Article for the quantities of Delivered Water furnished to the Contractor pursuant to this renewal contract. Such payments shall consist of the applicable Rates and Charges determined annually in accordance with applicable Federal law and associated regulations. The Rates and Charges applicable upon execution of this renewal contract are set forth in Exhibit "C."

(b) The Contracting Officer shall notify the Contractor of the Rates and Charges as follows:

(1) Prior to July 1, of each Calendar Year, the Contracting Officer shall provide the Contractor the preliminary calculation of the Charges that will be applied for the period October 1 of the current Calendar Year, through September 30, of the following Calendar Year, and identify the statutes, regulations, and guidelines used as the basis for such calculations. On or before September 15 of each Calendar Year, the Contracting Officer shall notify the Contractor in writing of the Charges to be in effect during the period October 1 of the current Calendar Year, through September 30 of the following Calendar Year, and such notification shall revise Exhibit "C."

(2) Prior to October 1 of each Calendar Year, the Contracting Officer shall make available to the Contractor an estimate of the Rates of payment for the following Year and the computations and cost allocations upon which those Rates are based. The Contractor shall be allowed not less than two (2) months to review and comment on such computations and cost allocations. By December 31 of each Calendar Year, the Contracting Officer shall provide the Contractor with the final Rates to be in effect for the upcoming Year, and such notification shall revise Exhibit "C."

(c) At the time the Contractor submits the initial schedule for the delivery of Project Water for each Year pursuant to subdivision (b) of Article 4 of this renewal contract, the Contractor shall pay the United States the total amount payable pursuant to the applicable Rate(s) for all Project Water scheduled to be delivered pursuant to this renewal contract during the first two (2) calendar months of the Year. Before the end of the first month or part thereof of the Year, and before the end of each calendar month thereafter, the Contractor shall pay pursuant to the applicable Rate(s) for all Project Water scheduled to be delivered pursuant to this renewal contract during the second month immediately following. Adjustments between the payments for the scheduled amount of Project Water and the appropriate payments for quantities of Delivered Water furnished pursuant to this renewal contract each month shall be made before the end of the following month: Provided, That any revised schedule submitted by the Contractor pursuant to Article 4 which increases the amount of Project Water to be delivered pursuant to this renewal contract during any month shall be accompanied with appropriate payment for Rates to assure that Project Water is not furnished to the Contractor in advance of such payment. In any

month in which the quantity of Delivered Water furnished to the Contractor pursuant to this renewal contract equals the quantity of Project Water scheduled and paid for by the Contractor, no additional Project Water shall be made available to the Contractor unless and until payment of Rates for such additional Project Water is made. Final adjustment between the payments of Rates for the Project Water scheduled and the quantities of Delivered Water furnished during each Year pursuant to its Contract shall be made as soon as possible but no later than April 30th of the following Year.

(d) The Contractor shall pay all Charges owing for Delivered Water before the end of the month following the month of delivery. Such amounts shall be consistent with the quantities of M&I Water shown in the United States' water delivery report for the subject month. The water delivery report shall be regarded by the Contractor as a bill for the payment of appropriate Charges. Any monthly adjustment for overpayment or underpayment of Charges shall be accomplished through the adjustment of Charges due to the United States in the next month. By March 31, of each Year, the Contractor shall make any additional payment of Charges it is obligated to make for Delivered Water furnished to the Contractor pursuant to its Contract for the previous Year. The amount to be paid for past due payment of Charges shall be computed pursuant to Article 19 of this renewal contract.

(e) The Contractor shall pay for any Project Water provided under subdivision (d) or (e) of Article 3 as determined by the Contracting Officer pursuant to applicable statutes, regulations, guidelines, and policies.

(f) Payments to be made by the Contractor to the United States under this renewal contract may be paid from any revenues available to the Contractor.

(g) Revenues received by the United States pursuant to this renewal contract shall be allocated and applied in accordance with Federal Reclamation law, including but not limited to subsection (f) of Section 3405, subsection (c)(1) of Section 3406, and subsection (d)(2)(A) of Section 3407 of the CVPIA, and the associated regulations, including but not limited to, the Project M&I ratesetting policy promulgated pursuant to the Administrative Procedures Act.

(h) At the Contractor's request, the Contracting Officer shall provide to the Contractor an accounting of all of the expenses allocated and the disposition of all revenues received pursuant to this renewal contract in sufficient detail to allow the Contractor to determine that the allocation of expenses and disposition of all revenues received was accomplished in conformance with Federal Reclamation law and the associated regulations. The Contracting Officer and the Contractor shall enter into good faith negotiations to resolve any discrepancies or disputes arising out of said accounting of the Contractor's review thereof.

(i) The parties acknowledge and agree that the efficient administration of this renewal contract is their mutual goal. Recognizing that experience has demonstrated that mechanisms, policies, and procedures used for establishing Rates and Charges, and/or for making and allocating payments, other than those set forth in this Article would be in the mutual best interest of the parties, it is expressly agreed that the parties may enter into agreements for

alternative mechanisms, policies, and procedures for any of those purposes while this renewal contract is in effect without amending this Contract.

(j) The Contractor shall pay the cost of State conveyance of Project Water furnished pursuant to this Contract directly to the State upon receipt of the billing(s) by the State.

NON-INTEREST BEARING OPERATION AND MAINTENANCE DEFICITS

8. Omitted.

TRANSFERS OR EXCHANGES OF WATER

9. Omitted.

APPLICATION OF PAYMENTS AND ADJUSTMENTS

10. (a) The amount of any overpayment by the Contractor shall be applied first to any accrued indebtedness arising out of this renewal contract then due and payable by the Contractor. Any amount of such overpayment then remaining shall, at the option of the Contractor, be refunded to the Contractor or credited upon amounts to become due to the United States from the Contractor under the provisions hereof in the following months. With respect to overpayment, such adjustment shall constitute the sole remedy of the Contractor or anyone having or claiming to have the right to the use of any of the water supply provided for herein.

(b) All advances for miscellaneous costs incurred for work requested by the Contractor pursuant to Article 24 shall be adjusted to reflect the actual costs when the work has been completed. If the advances exceed the actual costs incurred, the difference will be refunded

to the Contractor. If the actual costs exceed the Contractor's advances, the Contractor will be billed for the additional costs pursuant to Article 24.

TEMPORARY REDUCTIONS--RETURN FLOWS

11. (a) Subject to: (i) the authorized purposes and priorities of the Project; and (ii) the obligations of the United States under existing contracts, or renewals thereof, providing for water deliveries from the Project, the Contracting Officer shall make all reasonable efforts to optimize Project Water deliveries to the Contractor as provided in the Contract.

(b) The United States may temporarily discontinue or reduce the quantity of Project Water to be delivered to the Contractor as herein provided for the purposes of investigation, inspection, maintenance, repair, or replacement of any of the Project facilities or any part thereof necessary for the delivery of Project Water to the Contractor, but so far as feasible, the Contracting Officer will give the Contractor due notice in advance of such temporary discontinuance or reduction, except in case of emergency, in which case no notice need be given: Provided, That the United States shall use its best efforts to avoid any discontinuance or reduction in such service. Upon resumption of service after such reduction or discontinuance, and if requested by the Contractor, the United States will, if possible, deliver the quantity of Project Water, which would have been delivered hereunder in the absence of such discontinuance or reduction: Provided further, That with respect to any quantity of Project Water not delivered after a discontinuance or reduction the Contractor shall be relieved of its scheduling and payment obligations for such quantity of Project Water.

(c) The United States reserves the right to all seepage and return flow water derived from Project Water delivered to the Contractor hereunder which escapes or is discharged beyond the Contractor's Boundaries: Provided, That this shall not be construed as claiming for the United States any right to seepage or return flow being put to reasonable and beneficial use pursuant to this renewal contract within the Contractor's Boundaries by the Contractor or those claiming by, through, or under the Contractor.

WATER SHORTAGE AND APPORTIONMENT

12. (a) In its operation of the Project, the Contracting Officer will use all reasonable means to guard against a condition of shortage in the quantity of water to be made available to the Contractor pursuant to this Contract. Insofar as determined by the Contracting Officer to be practicable, the Contracting Officer will, in the event a shortage appears probable, notify the Contractor of such determinations as soon as possible.

(b) If there is a reduction in the total water supply available to the Contractor during any Year because of errors in physical operations of the Project, drought, other physical causes beyond the control of the Contracting Officer or actions taken by the Contracting Officer to meet legal obligations, no liability shall accrue against the United States or any of its officers, agents, or employees for any damage, direct or indirect, arising therefrom, so long as actions based upon the opinions or determinations of the Contracting Officer are consistent with the standards in Article 18.

(c) In any Year in which there may occur a shortage for any of the reasons specified in subdivision (b) above, the Contracting Officer shall apportion the available Project

Water supply among the Contractor and others entitled, under existing contracts and future contracts (to the extent such future contracts are permitted under subsections (a) and (b) of Section 3404 of the CVPIA) and renewals thereof, to receive Project Water consistent with the contractual obligations of the United States.

UNAVOIDABLE GROUND-WATER PERCOLATION

13. Omitted.

COMPLIANCE WITH FEDERAL RECLAMATION LAW

14. This renewal contract shall be implemented in accordance with all applicable provisions of Federal Reclamation law, as amended and supplemented.

WATER AND AIR POLLUTION CONTROL

15. The Contractor, in carrying out this Contract, shall comply with all applicable water and air pollution laws and regulations of the United States and the State of California, and shall obtain all required permits or licenses from the appropriate Federal, State, or local authorities.

QUALITY OF WATER

16. (a) The Contractor shall be responsible for compliance with all applicable State of California and Federal water quality standards applicable to surface and subsurface drainage discharges generated at the San Joaquin Valley National Cemetery.

WATER ACQUIRED BY THE CONTRACTOR OTHER THAN
FROM THE UNITED STATES

17. Omitted.

OPINIONS AND DETERMINATIONS

18. (a) Where the terms of this renewal contract provide for actions to be based upon the opinion or determination of either party to this Contract, said terms shall not be construed as permitting such action to be predicated upon arbitrary, capricious, or unreasonable opinions or determinations. Both parties, notwithstanding any other provisions of this Contract, expressly reserve the right to seek relief from and appropriate adjustment, including monetary damages, for any such arbitrary, capricious, or unreasonable opinion or determination. Each opinion or determination by either party shall be provided in a timely manner.

(b) The Contracting Officer shall have the right to make determinations necessary to administer this renewal contract that are consistent with the expressed and implied provisions of this Contract, the laws of the United States and the State of California, and the rules and regulations promulgated by the Secretary of the Interior. Such determinations shall be made in consultation with the Contractor to the extent reasonably practicable.

CHARGES FOR DELINQUENT PAYMENTS

19. (a) The Contractor shall be subject to interest, administrative, and penalty charges on delinquent installments or payments. When a payment is not received by the due date, the Contractor shall pay an interest charge for each day the payment is delinquent beyond the due date. When a payment becomes 60 days delinquent, the Contractor shall pay an administrative charge to cover additional costs of billing and processing the delinquent payment. When a payment is delinquent 90 days or more, the Contractor shall pay an additional penalty charge of 6 percent per year for each day the payment is delinquent beyond the due date. Further, the Contractor shall pay any fees incurred for debt collection services associated with a delinquent payment.

(b) The interest charge rate shall be the greater of the rate prescribed quarterly in the Federal Register by the Department of the Treasury for application to overdue payments, or the interest rate of 0.5 percent per month prescribed by Section 6 of the Reclamation Project Act

of 1939 (Public Law 76-260). The interest charge rate shall be determined as of the due date and remain fixed for the duration of the delinquent period.

(c) When a partial payment on a delinquent account is received, the amount shall be applied, first to the penalty, second to the administrative charges, third to the accrued interest, and finally to the overdue payment.

EQUAL OPPORTUNITY

20. During the performance of this renewal contract, the Contractor agrees all Federal statutes and regulations regarding employment and employment discrimination applicable to Federal agencies shall be fully enforced.

GENERAL OBLIGATION--BENEFITS CONDITIONED UPON PAYMENT

21. (a) The obligation of the Contractor to pay the United States as provided in this Contract is a general obligation of the Contractor notwithstanding the manner in which the obligation may be distributed among the Contractor's water users and notwithstanding the default of individual water users in their obligations to the Contractor.

(b) The payment of charges becoming due hereunder is a condition precedent to receiving benefits under this Contract. The United States shall not make water available to the Contractor through project facilities during any period in which the Contractor may be in arrears in the advance payment of water rates due the United States. The Contractor shall not furnish water made available pursuant to this Contract for lands or parties which are in arrears in the advance payment of water rates levied or established by the Contractor.

COMPLIANCE WITH CIVIL RIGHTS LAWS AND REGULATIONS

22. (a) The Contractor shall comply with all applicable civil rights statutes and implementing regulations.

PRIVACY ACT COMPLIANCE

23. Omitted.

CONTRACTOR TO PAY CERTAIN MISCELLANEOUS COSTS

24. In addition to all other payments to be made by the Contractor pursuant to this Contract, the Contractor shall pay to the United States, within sixty (60) days after receipt of a bill and detailed statement submitted by the Contracting Officer to the Contractor for such specific items of direct cost incurred by the United States for work requested by the Contractor associated with this renewal contract plus a percentage of such direct costs for administrative and general overhead in accordance with applicable Bureau of Reclamation policy and procedures. All such amounts referred to in this Article shall not exceed the amount agreed to in writing in advance by the Contractor. This Article shall not apply to costs for routine contract administration.

WATER CONSERVATION

25. (a) Prior to the delivery of water provided from or conveyed through Federally constructed or Federally financed facilities pursuant to this Contract, the Contractor shall be implementing an effective water conservation program based on the Contractor's water conservation plan that has been determined by the Contracting Officer to meet the conservation and efficiency criteria established under Federal law. The water conservation program shall contain definite water conservation objectives, appropriate economically feasible water conservation measures, and time schedules for meeting those objectives.

(b) Should the combined amount of M&I Water delivered pursuant to subdivision (a) of Article 3 during the term of this renewal contract equal or exceed 2,000 acre-feet, the Contractor shall implement the Best Management Practices identified by and the time

frames issued by the California Urban Water Conservation Council unless any such practice is determined by the Contracting Officer to be inappropriate for the Contractor.

EXISTING OR ACQUIRED WATER OR WATER RIGHTS

26. The provisions of this renewal contract shall not be applicable to or affect water or water rights now owned or hereafter acquired by the Contractor or any user of such water within the Contractor's Boundaries from other than the United States by the Contractor. Any such water shall not be considered Project Water under this Contract. In addition, this renewal contract shall not be construed as limiting or curtailing any rights which the Contractor or any water user within the Contractor's Boundaries acquires or has available under any other contract pursuant to the Federal Reclamation law.

OPERATION AND MAINTENANCE BY NON-FEDERAL ENTITY

27. Omitted.

CONTINGENT ON APPROPRIATION OR ALLOTMENT OF FUNDS

28. The expenditure or advance of any money or the performance of any obligation of the United States under this Contract shall be contingent upon appropriation or allotment of funds. Absence of appropriation or allotment of funds shall not relieve the Contractor from any obligations under this Contract. No liability shall accrue to the United States in case funds are not appropriated or allotted.

BOOKS, RECORDS, AND REPORTS

29. The Contractor shall establish and maintain accounts and other books and records pertaining to administration of the terms and conditions of this Contract. Reports thereon shall be furnished to the Contracting Officer in such form and on such date or dates as the Contracting Officer may require. Subject to applicable Federal laws and regulations, each party to this

Contract shall have the right during office hours to examine and make copies of the other party's books and records relating to matters covered by this Contract.

ASSIGNMENT LIMITED--SUCCESSORS AND ASSIGNS OBLIGATED

30. (a) The provisions of this Contract shall apply to and bind the successors and assigns of the parties hereto, but no assignment or transfer of this Contract or any right or interest therein shall be valid until approved in writing by the Contracting Officer.

(b) The assignment of any right or interest in this renewal contract by either party shall not interfere with the rights or obligations of the other party to this renewal contract absent the written concurrence of said other party.

SEVERABILITY

31. In the event that an action is brought in a court of competent jurisdiction by a person or entity other than the Contractor challenging the legality or enforceability of a provision included in this Contract and a final court decision is issued holding that such provision is legally invalid or unenforceable and the Contractor has not intervened in that lawsuit in support of the plaintiff(s), the parties to this Contract shall use their best efforts to (i) within thirty (30) days of the date of such final court decision identify by mutual agreement the provisions in this renewal contract which must be revised, and (ii) within three (3) months thereafter promptly agree on the appropriate revision(s). The time periods specified above may be extended by mutual agreement of the parties. Pending the completion of the actions designated above, to the extent it can do so without violating any applicable provisions of law, the United States shall continue to make the quantities of Project Water specified in this Contract available to the Contractor pursuant to the

provisions of this Contract that were not found to be legally invalid or unenforceable in the final court decision.

OFFICIALS NOT TO BENEFIT

32. No Member of or Delegate to Congress, Resident Commissioner, or official of the Contractor shall benefit from this Contract other than as a water user or landowner in the same manner as other water users or landowners.

CHANGES IN CONTRACTOR'S BOUNDARIES

33. While this Contract is in effect, no change may be made in the Contractor's boundaries, by inclusion or exclusion of lands, dissolution, consolidation, merger or otherwise, except upon the Contracting Officer's written consent.

NOTICES

34. Any notice, demand, or request authorized or required by this Contract shall be deemed to have been given, on behalf of the Contractor, when mailed, postage prepaid, or delivered to the Area Manager, South-Central California Area Office, 1243 N Street, Fresno, CA 97321-1813, and on behalf of the United States, when mailed, postage prepaid, or delivered to the Director, Office of Construction Management (401B), National Cemetery Administration, U. S. Department of Veterans Affairs, 810 Vermont Avenue, NW, Washington, DC 20420. The designation of the addressee or the address may be changed by notice given in the same manner as provided in this Article for other notices.

471 IN WITNESS WHEREOF, the parties hereto have executed this renewal

472 contract as of the day and year first above written.

473 APPROVED AS TO LEGAL
FORM AND SUFFICIENCY

/s/ James E. Turner

OFFICE OF REGIONAL SOLICITOR
DEPARTMENT OF THE INTERIOR

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THE UNITED STATES OF AMERICA

By: /s/ Kirk C. Rodgers
Regional Director, Mid-Pacific Region
Bureau of Reclamation

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U. S. DEPARTMENT OF VETERANS AFFAIRS

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By: /s/ Robert B. Holbrook
Director, Office of Construction
Management, National Cemetery
Administration

Contract No. 3-07-20-W1124-R

EXHIBIT A
Map of Contractor's Boundaries

Contract No. 3-07-20-W1124-R

EXHIBIT B

United States Department of Veteran Affairs
Contract No. 3-07-20-W1124-IR1

Turnout Location(s):

Reach 2B, DWR Wile Post 66.12 on the California Aqueduct

EXHIBIT C

2003 Water Rates and Charges
United States Department of Veteran Affairs
Contract No. 3-07-20-W1124-IR1

<u>RATE COMPONENTS:</u>	<u>Rates Per Acre-Foot</u> <u>M&I Water</u>
Capital Rates:	\$ 16.84
O&M Rates:	
Water Marketing	3.68
Storage	5.78
Deficit Rates:	
Interest Bearing	<u>7.07</u>
 TOTAL COST-OF-SERVICE RATES:	 \$ 33.96

CHARGES UNDER P.L. 102-575

Restoration Payments (3407(d)(2)(A))*	\$ 15.38
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* Restoration Fund charges under P.L. 102-575 are on a fiscal year basis (10/1-9/30).

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Contract No. 3-07-20-W1124-R